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MONEY 101

Budgeting Basics for Further Education

Alberta
HUMAN RESOURCES AND EMPLOYMENT
the people & workplace department

Money 101, Alberta

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This booklet is written for the person who is planning to participate in post-secondary education. It is intended to support your learning exploration and financial management decisions. It will help you:

- determine the value of continued learning
- explore your financial management skills
- investigate the living and school-related costs associated with post-secondary learning
- learn budgeting techniques
- plan strategies to cover living and school-related costs
- discover sources of financial assistance to help you pay for further education
- apply for financial assistance available to students
- connect with further information and resources.

This publication is available on-line through the Alberta Learning Information Service (ALIS) website–Alberta's leading on-line source for career, learning and employment information. To access this and additional publications, visit www.alis.gov.ab.ca/careershop

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Welcome to Money 101!

This is a short course about the hard-rock realities of financing your further education. It's packed with info about debt, credit, and managing your money to make it stretch.

Money 101 is for you:

- if you're thinking about enrolling in a university, college, technical school or apprenticeship program
- if you're wondering how much further education will cost and how you're going to pay for it

That degree or diploma you're going for will stretch you academically AND financially.

In *Money 101*, we don't want to dampen your passion for higher learning — we just want to make sure that in the cold shower realization of how much it's going to cost, you know where to find the soap.

So, sign up for *Money 101*. Get the no-fear fix on your student finances.

Find out how to face your future with your eyes on the stars and your money in the bank!

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FIRST THINGS FIRST

Before you spend your time and money on further education, there are two very important questions that you need to answer.

- Why go back to school at all?
- What do you want to be?

If you already know the answers to these questions, skip ahead to where we begin to discuss money issues on page 7.

Why Go Back to School at All?

Good question. Considering the time and money your further education's going to cost you, it's a good idea to get a handle on the reasons why you're doing it.

If you're like most young people, you've probably already come up with either or both of these reasons:

- For personal growth and self-fulfillment.
- To make a living.

Let's take a closer look.

Personal Growth

- Self-discovery is one of life's great adventures. A further education can be a great way to launch your ship.
- The surest route to self-fulfillment is to live up to your potential.
- The more you learn about the big, wide world, the more at home you'll feel in it. When you're flexible and adaptable, you'll be better able to cope with the changes that will inevitably come your way in the workplace and beyond.
- You get to meet and exchange ideas with people who share your interests.
- Furthering your education can be a great way to grow and nurture your communication, time management, people and leadership skills. In career development lingo, these are your "transferable skills" and they'll serve you well in all aspects of your life.

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Making a Living

When it comes to making a living, a post-secondary education gives you more — more skills, more opportunities and eventually more money.

AND

We know that HAVING a post-secondary education beats NOT having a post-secondary education. This is common sense and can be confirmed by the statistics listed below:

- In Canada, the unemployment rate for those who do not graduate from high school is usually 75 per cent higher than the national unemployment average. In Alberta, the unemployment rate for those who do not graduate from high school is at least 90 per cent higher than the provincial unemployment average.
- Average employment earnings rise with the level of education. This is true in both Canada and Alberta.
- In 2001, 53.5 per cent of the employed in Canada had a college or university education, up from 41.7 per cent in 1991. The comparable figures for Alberta were 52.0 per cent and 42.3 per cent, respectively.
- In Canada, from 1991 to 2001, 1,088,200 jobs were created for university graduates and 1,621,200 jobs were created for those who had completed a post-secondary certificate or diploma. In total, employment for Canadians with a college or university education increased by 2,709,400 or 50.5 per cent, while overall employment rose by 2,226,100 or 17.3 per cent. During the same period, employment among those with only a high school education or less declined by a total of 633,100 or 10.2 per cent.
- Between 1991 and 2001, employment for Albertans with a college or university education increased by 304,500 or 56.0 per cent, while total employment rose by 344,800 or 26.8 per cent. During the same period, employment among those with only a high school education or less declined by a total of 15,300 or 2.5 per cent.

Today, an education beyond high school is a minimum requirement for advancement in the job market. And tomorrow?

- According to the Canadian Occupation Projection System, approximately 70 per cent of all new jobs created in the next 10 years will require advanced education or training.
- In order to keep up with new technology and an expanding knowledge base, tomorrow's workers will need to be lifelong learners. A post-secondary diploma or degree tells employers that you value learning and that you know how to learn.

A post-secondary environment is a great place to acquire the skills and attitudes employers are looking for:

- communication skills
- ability to reason, analyze and solve problems
- adaptability and self-management
- willingness to keep learning.

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Once you're on track with *why* you're doing this, the next step is to look at *what* you're planning to do. It's always possible (and sometimes a good idea) to change your mind about the program you're going to take. However, a year of fine arts followed by a year of chemistry followed by a year of political science can be a pretty expensive route to a career goal, no matter how interesting it turns out to be.

What Do You Want to Be?

"And what do you want to be when you grow up?"

You've had this question coming at you in various ways for many years now. You may be asking yourself this very question, this very minute. Trouble is, it's not the right question. Here's why.

When it comes to be-ing, you already *are*. You're a fully-fledged human be-ing with likes and dislikes, dreams, fears and so on. The question about your future really *should* be…

"What are you going to do with who you are?"

Answering this question begins with the obvious…

Who are You, Really?

You could spend a lifetime answering this question. But right now what matters is this: Does the post-secondary program you're planning to take reflect who you are? Your likes and dislikes? Your dreams? What you believe in and value?

To figure this out, you may want to sketch your self-portrait, using the following worksheet.

Trite but True:
An investment in your education is an investment in you!

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My Self Portrait

I am:

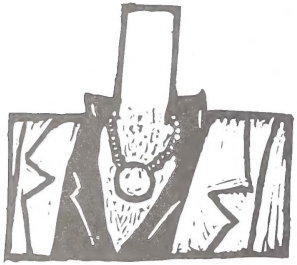
(Hint: If you were a character in a story, how would you describe yourself? e.g. honest, caring, funny, dependable)

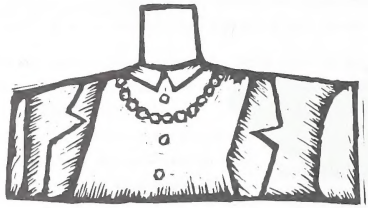
I like:

(Hint: what do you like to do? e.g. being with people, working with my hands, driving, playing music)

I value:

(Hint: Why do you like doing what you like to do? e.g. creativity, friendship, physical challenges)





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I believe that:

(Hint: What lessons has life taught you? e.g. people are basically good, there's more to life than money, you need a good education, you can't please everyone)

What I know/what I know how to do:

(Hint: What kind of information do you remember and use? What sorts of skills and abilities do you have? Include what you've learned in and out of school. e.g. athletic ability, work well with customers, play guitar well, surf the Net expertly, organizational skills)

Spend some time mulling over what you've written on the self-portrait worksheet. Think about the program you're planning to enter. Ask yourself these questions. You might even want to write down your answers.

- Which of my interests and abilities does this program reflect?
- How would this program support what I value and believe in?
- What aspects of who I am could be challenged or changed by this program? Is this okay with me?

Do some research.

- What are the educational requirements to enter this program?
- Do other schools recognize this program in case you want to transfer?
- Where have graduates of this program found employment?

If you can't answer these questions, it would be a good idea to spend some time with a career/guidance counsellor to find out more about yourself and the program you're planning to commit X years of your life to.

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More resources that can help you choose include:

- the publications, *Education and Training Planner, It's About Time* and *Finding Out*
- ALIS website at www.alis.gov.ab.ca

For information, contact the Career Information Hotline (see the back cover).

4 Rules 4 Goals

1. Your goal must be *yours.* Not your parents'. Not your friends'.
2. *You* are the only person you have to satisfy when you set your goal(s).
3. When you name your goal, *you have to mean it.* At this point in time, this goal is, to the best of your knowledge, what you want.
4. Goals serve you. Not the other way around. If your goal is no longer what you want, change it.

Scoring Goals

- You create a goal or goals based on what matters to you.
- You do your research.
- You find out what stands between you and your goal. You deal with it.
- You enroll in the program that will start you towards your goal.

Grad Files

When I was trying to decide what to "do" with my life, I spent some time daydreaming and just letting myself imagine a perfect life. I kept ending up by the ocean, which I love, and working with animals, which I also love. But here I was, stuck in a prairie province, planning on going to college! I checked out a few programs and finally enrolled in animal health technology. When I graduated last spring, I got a job at the vet clinic where I had worked during the summer. In a year or two, I may start looking for a job on the coast. Or I may go back to school and study marine biology. Either way, my dream's still alive.

— Karen, Peace River

Becoming a concert violinist was my father's dream for me. First year, I enrolled in a fine arts performance program. I hated it. It wasn't a total waste of time — I met people and learned my way around campus. But my second year, I decided to work on my dream: starting my own business. I switched into commerce and loved it. My parents couldn't believe it when I did well in the math and stats courses but I could see how those courses would help me reach my goal, so it just made sense to work at them. I graduated this spring. I'm looking to work in someone else's small business for a few years, then start one of my own. I'm still into music. Maybe I'll open a jazz club.

— Wei, Calgary

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WHAT WILL FURTHER EDUCATION COST?

Typical Costs for an 8-Month Community College or University Program

Costs	Living Away From Parents' Home	Living at Parents' Home
Tuition	$4,000	$4,000
Books and Supplies	$1,000	$1,000
Living Expenses	$5,840	$2,775
TOTAL	$10,840	$7,775

Adapted from Alberta Learning, Students Finance.

The Good News is...

It could cost you a lot more! Your tuition covers about 24 per cent of the cost of post-secondary instruction. Through Alberta Learning, the provincial government helps you out by providing public post-secondary educational institutions with base operations grants and performance-based funding (in Alberta, $1.3 billion in 2002-2003). Institutions chip in the rest by their own fundraising.

Getting the Picture

The most effective way to take the sting out of all those $$$ and 000's in the previous table is to come up with your own personal feet-on-the-ground plan for financing your educational future. And good planning begins with getting as clear a picture as you can of exactly what you're facing.

These estimates are a reasonable guess at what a "typical" student might spend in a "typical" school year. You might want to consider the following points.

- If you're living with your parents, will your family cover *all* your food, housing and miscellaneous costs?
- If you're going away to school, do you want to come home more than once per school year? And how much will it cost you?
- If you're living away from home, will you live in residence or an apartment? With or without a roommate?

Here are some Internet sites that have tools to help you explore education costs.

- Use the Student Funding Inquiry System on the ALIS website to calculate an estimate of your student funding eligibility. www.alis.gov.ab.ca/studentsfinance/main.asp
- Find scholarships, bursaries and awards for post-secondary education and training. www.alis.gov.ab.ca/scholarships/main.asp
- Visit Canlearn's "Financial Planner," an interactive site that offers three very useful tools: a cost calculator, a resource estimator and a budget reconciler. www.canlearn.ca/financing

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How "typical" are you, anyway?

Maybe you can guess where we're headed with this. Time to sharpen your HBs or flip open your laptop. The only way you can come up with a guesstimate of what this excellent educational adventure's going to cost YOU for a school year is to crunch some numbers of your own.

- Use the following table or create one of your own.
- Don't worry about being absolutely accurate. Ballparking the numbers will get you going in the right direction.
- But be realistic! Don't under or over estimate too much. Try to stay closer to actual costs.
- You might not want to guess about some of the big ticket items. The average rent in the Big City, for example. Or the cost of that flight home for the holidays. (Time to make a phone call or two?)

Guesstimate of Expenses

Expenses	Cost Estimates
Tuition	
Books and Supplies	
Housing	
Food	
Clothing	
Miscellaneous (*e.g.* personal items, health costs)	
Recreation and Entertainment	
Local Transportation	
TOTAL	

So now you know what you're up against.
Question is, what are you going to do about it?

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WAYS TO PAY FOR IT

Looks like serious self-reliance time. Which is okay. Because if you can't count on yourself to make your future happen, who can you count on?

Unless you luck out on the Lotto 6/49, you'll probably have to come up with more than one way to pay for your education. This could mean putting together a combo selected from the following menu:

- your job(s) — summer, part-time
- your parents
- grants, bursaries, scholarships
- apprenticeship and co-operative education programs
- government sponsored student loans
- bank student loans.

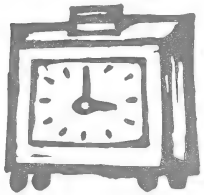
You can taste-test each one of them in this section.

1. Work Smart: Your Job(s) and Your Education

Working your way through school may be nothing new to you. You may have had a part-time job since you were just a kid. On the other hand, you may be in the market for your first summer job. Either way, it pays to work smart.

Snooze and Lose

When it comes to bankrolling your education, set your alarm early. The best time to start sounding out your parents, learning about loans and scholarships, and socking away your own loonies is many months (or years) before you need that cheque for your tuition! (Like the end of grade six, maybe??) However, NOW is a great time, too.



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Grad Files

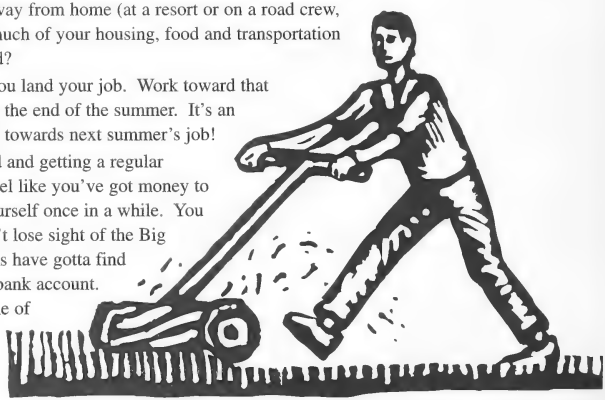
Yeah, it was classic, all right! After my first year, I had two offers for summer jobs. One was working construction — pretty boring but incredible pay and tons of overtime. The other was working as a counsellor at a camp for kids with disabilities. Not much more than minimum wage but great on my résumé since I was taking rehab medicine. Which one did I choose? Yeah, well, which one would you choose?

— Todd, Medicine Hat

Jobs: Summer Better than Others

How do you make the most (in dollars and experience!) in four short months?

- If the job you take offers more money than goal-related experiences, close the gap by volunteering in your field of interest.
- Overtime (at time and a half or more) really adds up! Sign up for as much as you can (safely) stand.
- If it rains, will your income go down the drain, too? Be aware of the downside of weather-dependent work — life-guarding, housepainting, landscaping and construction, for example. Will the size of your wage and your overtime hours make up for what you'll lose on those inevitable rainy days?
- If you're working away from home (at a resort or on a road crew, for example), how much of your housing, food and transportation costs will be covered?
- Do your best once you land your job. Work toward that glowing reference at the end of the summer. It's an excellent investment towards next summer's job!
- You're working hard and getting a regular cheque. You may feel like you've got money to burn. Sure, treat yourself once in a while. You deserve it! Just don't lose sight of the Big Picture. Those bucks have gotta find their way into your bank account. They're the backbone of your dream — remember?



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Smart Part-Time

During the school year, flexibility makes or breaks a part-time job. Yes, you need the money AND your number one priority is to study, study, study! How do you find the balance?

- Talk to a faculty advisor about how intense your study load will be. Don't sign up for more hours of work than you can reasonably handle.
- Look for part-time work on or near campus. (This will greatly cut down on your travel time.) Retail outlets, restaurants and pubs are obvious choices. You might also find work in campus services — *e.g.* at arts or athletic facilities or as a computer lab monitor or groundskeeper — which may pay somewhat higher wages.
- Save time and money by taking a job that lets you dress like, well, a student! You won't have to rush home after class to change for work and you won't be spending your dream money on clothes you'll only wear a few times.
- Make sure that your employer will be flexible about your class and exam schedules.
- Can you study while you work? This probably isn't possible in a fast-food outlet, but in a boutique on a slow night…? Check it out with your employer.
- How about employing yourself? Tutoring, house-sitting, child-minding, dog-grooming — turn your skills into a flexible, profitable part-time enterprise. There are lots of books around that can show you how to get started.

Student wi$e

I'm in third year and I'm working as a residence advisor. I get a big reduction on the cost of my residence room and food, plus a little money every month. It's fairly time-consuming. I have to "be there" for the students on my floor — you know, a little hand-holding, a little advice, a shoulder to cry on — and I have to referee a few disagreements. But it's interesting and pretty good experience, I'd say.

— Melanie, Bonnyville

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Grad Files

My first summer, I worked in a really hip clothing store. I loved it! I went crazy using the staff discount to buy stuff. I got everything at 20 per cent off and I just couldn't resist. By the end of the summer, I was more than $1,000 short of what I'd wanted to earn and all of it was hanging in my closet. I looked great going back for second year but I was seriously worried about whether or not I could afford to eat after Christmas. I was lucky — my parents sprung for some extra cash. They made me pay it back, though!

— Chris, Camrose

2. Talk to Mom and Dad

An important source of money for your education is your parents. The challenge may be to tie them down to some kind of specific commitment. Even though they've likely been looking ahead to the cap-and-gown-moment for years (*i.e.* your graduation) they may be a little fuzzy on the details (*i.e.* how much it's going to cost). If you know exactly how much your folks will contribute to your cause, pat yourself — and them — on the back and skip to the next section.

If you're from a family where straight talk about money is taboo, you may be tempted to leave the issue of financing your education to assumptions, telepathy and the last minute. Big Oops. You've got to ask them the tough questions early so you'll know what you're dealing with. Junior high is a good time to start.

And even if your parents are clued in, you'll help your case (and impress your folks) if you approach the inevitable let's-get-this-down-on-paper discussion with a clear-headed strategy, like this one.

- Get their attention.
- Show them your Guesstimate of Expenses.
- Show them what you plan to contribute — real or estimated savings from your job.
- Talk about what they're able to contribute.
- Get a commitment from them. Make a commitment to them.

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If your parents simply hand you money, no strings attached — great! Thank them profusely and get on with your planning. But, make sure you both understand whether this is a gift or a loan; and if it's a loan, how and when you'll repay it.

Student wi$e

My folks made it clear to me that they expected me to pay most of my way through university and they expected me to get top marks. They covered my first year tuition but that was it. I struggled through first year engineering, working 15 hours a week slinging beer in an on-campus pub and my marks dropped because of it. When my dad freaked about my marks, I told him he couldn't have it both ways — I could either improve my marks or keep working to cover that extra couple of thousand dollars each term. He saw my point and he's lending me the money.

— Elise, Barrhead

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3. Money to Try for...

Scholarships, bursaries and grants can be a great source of funds for your education and the best news is, you don't have to pay them back. There's a catch, though — do you qualify?

Scholarships

Most scholarships are awarded for academic excellence — in other words, for how well you do in the classroom in your last year of high school. Some scholarships also consider extracurricular activities, athletic ability and other achievements.

Bursaries

Marks are not the prime determining factor for bursaries. Bursaries are awarded by universities, colleges and other sources to students who demonstrate a genuine need, such as single-parent status, or a disability.

Grants

Grants, usually paid out by provincial or federal governments or private corporations, are also based on financial need.

Tracking 'Em Down

- Start early! September of your last year in high school, or even earlier, isn't too soon.
- Search the Internet. Look at sites through ALIS www.alis.gov.ab.ca under Scholarships and Bursaries.
- Begin your search at your high school guidance office. Talk to the counsellor, look in the course calendars for the institutions you're interested in attending.
- Contact the financial aid or scholarships and awards office at the schools you plan to apply to. Visiting them is also a good idea.
- Think laterally. What scholarship/bursary opportunities might be available to you through your own membership in clubs or athletic teams? Or your parents' work, unions, professional organizations, service clubs? Or through ethnic affiliations or artistic pursuits or corporate contacts? Or...?
- If you're already attending a post-secondary institution, check with your faculty or department to find out what kinds of awards are available.
- Talk to a career and employment consultant at the nearest Alberta Human Resources and Employment service centre, or call the Career Information Hotline (see the back cover).

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4. Learn 'n' Earn

The co-operative education programs offered at some post-secondary institutions and apprenticeship programs can be a money-smart approach to your education. In these programs, you alternate studying with study-related jobs. You'll likely find it easier to finance your education in this type of program because you're earning a paycheque at least part of the time. Plus, you're becoming work-ready while you're still in school, giving you a head-start in the labour market. Find out more from the on-line *Co-operative Education Directory* at www.cafce.ca. Click on *Membership Directory* for a listing of the post-secondary co-operative education programs in Canada. For more information about apprenticeship programs, contact your local Alberta Human Resources and Employment service centre, phone the Career Information Hotline (see the back cover), or look on the Apprenticeship website www.tradesecrets.org/

5. All a Loan

If you feel a little overwhelmed and bewildered by the thought of taking on a student loan, join the club. Read on to unravel some of the main threads in the student loan web.

You'll probably come across two species of student loans, both quite different:

- government sponsored loans
- bank loans.

Government Sponsored Student Loans

- Government sponsored student loans involve two sources: the federal government and the provincial or territorial government. Each school year you apply by filling out a single application in your own province. Your application is assessed according to your need using this formula: Allowable Expenses - Resources = Assistance (loans and grants).
- You can pick up a loan application from your high school guidance office or the financial aid office at a university, college or tech school. Or, you can apply on-line at www.alis.gov.ab.ca/studentsfinance/eap.asp In Alberta, also contact your nearest Alberta Human Resources and Employment service centre or Youth Connections youth desk. If you have questions, ask the staff at these locations. Your cousin Jim may think he knows a lot about the student loan scene but it's a changing landscape. This is one time when the RIGHT answers are vital.
- Your application will be checked for accuracy of information. You must be able to confirm all the details (provide documentation) you include on the form.
- When you borrow money through the government sponsored student loan program, *you are actually borrowing money from the provincial or federal government, or both.* You are not required to pay interest while you are enrolled in full-time studies.

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- Once the government has approved your loan, you must negotiate the details with EDULINX (for Alberta Student Loans) or the National Student Loans Service Centre (for Canada Student Loans).
- This program is intended to *supplement* your funding from other sources: your job, your savings, your parents or spouse, scholarships and so on.
- Remember, all applications can be audited, and false information or failure to provide requested information can lead to suspended funding or prosecution, so keep your receipts.
- When you graduate or leave full-time studies you have a six month grace period before you have to start making payments. However, interest will begin to accrue on the outstanding balance of your Alberta and Canada Student Loans immediately after you complete your classes. Repayment terms are flexible. Talk to EDULINX or the National Student Loans Service Centre.

Bank Loans

Banks offer loans to students, too, and may call them "student loans" but the terms are quite different from government sponsored student loans.

- The interest rate is not regulated as it is on a government sponsored student loan and may be higher.
- You start paying interest on the loan right away, whether or not you're enrolled full-time. Depending on the terms of the loan, you may not be required to begin paying down the principal until up to six months after you graduate.
- You'll probably need a co-signer (guarantor): someone who agrees to pay the loan if you can't.

A Student Loan is a REAL Loan!

The student loan documents you sign are legal documents. Six months after you are no longer a full-time student, you must begin to repay your loan(s). If you don't, EDULINX or the National Student Loans Service Centre will apply the means at its disposal to ensure that you repay. Defaulting on a student loan has serious consequences!

Also, declaring bankruptcy is not the answer. Student loans are no longer dischargeable debts until a minimum of 10 years from the time the student ceased to be a full-time student.

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Points to Ponder

- Apply early.
- You'll need to have a Social Insurance Number (SIN).
- Your own resources (savings, parents ability to contribute) are taken into account in determining your eligibility for a student loan.
- You're legally responsible for repaying your student loan just as you would be for any other type of loan.
- You must repay your student loan whether or not you complete your studies, whether or not you're satisfied with your education and whether or not you find employment.
- The less money you borrow and the faster you pay it off, the less money you pay in interest and the more you keep in your pocket! Here's an example.

Repaying Your Loan (principal + 8 per cent interest)

Size of Student Loan	$10,000	$15,000	$25,000
Monthly payment (for 5 years)	$202.76	$304.15	$506.91
Interest paid over 5 years	*$2,166.00*	*$3,249.00*	*$5,415.00*
Monthly payment (for 10 years)	$121.33	$182.00	$303.32
Interest paid over 10 years	*$4,560.00*	*$6,840.00*	*$11,398.00*

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Your Day Will Come

As far away as graduation may seem right now, one day it will happen. And some time after the applause has died down and the champagne bubbles have burst, you'll have to start paying off your government sponsored student loan.

- Make sure EDULINX and the National Student Loans Service Centre always has your current address. They'll be sending you important information about your loan such as repayment amount, length of time and interest rate. Not receiving it or not answering it will start you off on the wrong foot.
- You can negotiate your repayment with EDULINX and the National Student Loans Service Centre. You can ask for shorter or longer repayment terms and other specifics. Remember, the longer you take to repay your loan, the more interest you'll pay.
- If you're unable to make your payments and are in danger of defaulting, **contact EDULINX and the National Student Loans Service Centre.** You may be able to revise your repayment agreement and you may also be eligible for the Interest Relief Program.

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- Defaulting on your student loan is as serious as defaulting on any other loan. EDULINX and the National Student Loans Service Centre can, and probably will, take the appropriate steps (*e.g.* collection proceedings, legal action, garnisheeing your personal income tax refund, bad credit rating) to ensure that the loan is paid.
- You can pay down or pay off your student loan at any time without penalty. What a great place to park a tax refund!
- The Alberta government may give you a break by repaying some of the loan for you (it's called the Alberta Student Loan Relief Program). This program offers two separate benefits at two points in your studies. To be eligible, you must have accumulated more than $5,000 in a year (or $2,500 in a semester) in Alberta Student Loans or combined Alberta and Canada Student Loans. To apply for the Alberta Student Loan Relief Program visit your school's financial aid office or your nearest Alberta Human Resources and Employment service centre.

This section gives only a brief overview of the student loan scene. For complete details, see a career and employment consultant at your nearest nearest Alberta Human Resources and Employment service centre, your school's financial aid office, the ALIS website at www.alis.gov.ab.ca/learning/, or canlearn interactive at www.canlearn.ca

Default - the failure to make payments as described in the loan agreement.

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Loan Lingo

Use this glossary to help you decipher finance terminology.

assets — everything you own

*collateral** — an item offered as a guarantee for the repayment of a loan. A borrower may be required to name an asset as collateral which the lender could claim if the borrower defaults on the loan

credit rating or history — an ongoing record of how well you manage debt, kept on file at the local credit bureau. Lenders will check your credit rating before agreeing to loan you money

default — the failure to make payments as described in the loan agreement

duration — number of months or years over which a loan is to be paid off; also known as the *term*

fixed rate of interest — an interest rate that is agreed to and set at the time a loan is made. The payment amount will not change over the duration of the loan

*guarantor or co-signer** — a person who guarantees to pay a loan or credit card balance for a borrower in cases where the lender decides that the borrower's financial qualifications aren't adequate

interest — money charged to a borrower by a lender for the privilege of borrowing money

principal — the amount of money borrowed

prime rate — the interest rate charged to the most credit-worthy borrowers

repayment schedule — part of the loan agreement that names the date by which a loan is to be paid off, the dates when payments are due and the amount due on each payment date

variable interest rate — an interest rate that varies throughout the duration of the loan. This variation is usually based on the changes in the prime rate; often expressed as "prime + ___ per cent"

** not required for government sponsored student loans*

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MONEY BASICS

Okay. It's early September. You've enrolled in the program of your choice. You've got a wad of cash stashed in a bank account somewhere — your money, your parents' money, student loan money.

What could possibly go wrong? Nothing – or *everything*. It's really up to you! The best thing about money management is that it puts you in the driver's seat. Who says you have to scramble in a desperate panic each month, hoping you can cover rent and wishing you didn't splurge on that shiney new gismo last week. Or wonder helplessly if those summer savings that stocked your bank in September flew south for the winter. It's all about choice. You can be the captain of your financial destiny. All it takes is a little effort and a plan.

This section of Money 101 will get you started ...

Paperwork

Cashin, Cashout

We've called this article "cash in, cash out" because a budget is actually just that: a picture of the flow (torrent, dribble) of money through your life. It's a snapshot of the cash coming in and the cash going out. It's a little information, some simple math and a whole lot of help in deciding what you can afford.

Call it a cash in, cash out chart. Call it a spending plan. Or, dare to call it a budget. It will:

- let you know what you can do, financially
- help you plan for what you want to do
- help you get the most for your money
- help you make your money last till the end of the school year.

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Student wiSe

I don't really enjoy the obsessive part of tracking my budget — you know, holding on to my receipts and bank machine slips and all that. But I do like knowing that I'm going to have enough money to get me through the school year. I cheat a little bit, I guess. I give myself a weekly allowance that I don't have to keep track of — $50 that I can spend on movies, magazines, a meal out. Actually, I guess it's 'cause I *know* I can afford to do it, thanks to my budget, that I can spend that kind of money, no sweat.

— Yasmin, Calgary

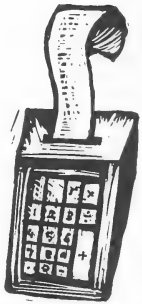
Think of it this way. Whether or not you create a spending plan, money will still flow in and out of your life. Would you like to be able to see where it's leaking out and put a stop to it? Would you like to know when you could drink deeply from your cash pool without worrying about next month's rent?

Or would you rather let all of this take you completely by surprise?

The (Almost) Painless Miracle Money Management System!

It is almost painless. What it requires is a little organization and about an hour a month. What it gets you is a lot less stress and no more heart-thumping encounters with your cheque book. Here are the steps:

1. Identify every source of income.
2. Determine your up-front, one-time expenses (*e.g.* tuition, books, damage deposit).
3. Determine your monthly income.
4. Estimate your monthly expenses (*e.g.* food, laundry, transportation).
5. Record, review, revise.



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To keep this as painless as possible, let's walk through the steps. Pat is a hypothetical first-year student who is living away from his parents' home. We'll follow Pat through the cash in, cash out/budgeting/spending plan/money management process.

1. Identify Every Source of Income

Pat begins by listing his resources for the school year using the following chart.

Most of the income he has in hand already. These figures he enters in both columns. He leaves blank any items on the chart that don't apply.

Step 1 Sources of Income

Income	Planned	Actual
Scholarship, bursary, grant	$2,500	0
Family support	$3,000	$3,000
Student loan	$3,700	$3,700
Savings/Summer job	$1,600	$1,600
Other	0	
Total Income	$10,800	?

2. Determine Your Upfront, One-Time Expenses

Next, Pat tallies up those hefty first month costs: tuition, books, damage deposit. Pat is sharing an apartment with a roommate so many of his one-time costs, such as damage deposit, are halved. Pat's father will loan him his truck, so Pat's moving expenses will be nil. He and his roommate have scrounged second-hand furniture, blankets, sheets and towels from relatives.

Step 2 Upfront, One-Time Expenses

Expenses	Planned	Actual
Tuition and fees	$4,000	$4,000
Books and supplies	$1,000	
Damage deposit (1/2)	$150	$150
Utilities hook-up (1/2)	$50	
Moving expenses	0	
Furniture, linen, etc.	0	
Other	0	
Total	$5,200	?

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3. Determine Your Monthly Income

Now Pat subtracts his upfront, one-time costs from his total income, since these expenses were paid before September 1st. This gives him the amount of money that he has to live on for the school year. He divides this amount by 8 (the number of months per school year) to come up with his monthly income.

Step 3 Determine Your Monthly Income

Total Income		$10,800
Less: Upfront One-time Expenses	—	$5,200
Balance to live on	=	$5,600
Divided by 8 months	÷	8
Monthly Income		$700

To supplement his monthly income, Pat has decided to find a part-time job.

4. Estimate your Monthly Expenses

When Pat was coming up with his Guesstimate of Expenses in preparation for approaching his parents about helping him out, he chased down some information about the cost of living in the city where he's going to school. Using his guesstimate, he can make fairly accurate estimates about many of his expenses. He also knows some of his "actual" costs — his rent, for example. Pat's chart also reflects the fact that his rent includes utilities and he is still covered by his parents' medical and dental plans.

Step 4 Estimate Monthly Expenses

Expenses per month	Planned	Actual
Rent + Utilities	$300	$300
Food & Groceries	$150	
Miscellaneous	$175	
Clothing		
Laundry/Dry cleaning		
Telephone		
Medical/Dental		
Drugstore supplies		
Recreation & Entertainment		
Transportation	$50	
Emergency Fund	$25	
Other		
TOTAL	$700	

Right now, Pat's in pretty fair financial shape — his income covers his expenses! Of course, the school year has only just started and the many temptations of student life are only just beginning — concerts, pizza nights, new CDs… That's why Step 5 is so crucial.

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5. Record, Review, Revise

Pat's entire money management plan hinges on this step, even though it can be a tad tedious. Pat hangs on to all those zillion slips of paper that document his spending: receipts, credit/debit card transaction records and cancelled cheques. If he loses a receipt or doesn't get one, he writes down what he spent on a slip of paper and includes it with the other information. He keeps these slips of paper in his wallet and transfers them to an expanding file every Friday, just before he goes to his job.

At the end of the month, based on his zillion slips of paper, Pat adds up all his monthly expenses in each category and records the total in the "actual" column. At the end of the school year, he can go through the same process with his one-time expenses. That'll help him predict his expenses for next year more accurately. Through this process Pat discovers whether what he planned to spend and what he actually spent are even remotely close to being the same amount!

If Pat spends less than he planned, he's laughing. If he spends more, he has to revise his budget. This is a polite way of saying he either has to spend less money or make more money — or he's going to be eating macaroni and cheese from a package until the end of the school year. It's as simple as that.

Your Turn

Use the same charts that Pat filled out to create your own financial portrait. Make enough copies to get you through the school year. Or, you can adapt the information in the charts to one of the many personal finance software programs out there.

But first, check out these tips:

- Remember to plan for the cost of living in the city where you'll actually be going to school. Housing, food and transportation costs can vary a lot.
- If you're sharing your space with a roommate(s), compare your spending plans closely. You should each budget a similar amount for the expenses you share — rent, food and utilities, for example. Ongoing communication (negotiation?) about your spending plan is going to be essential if you want to avoid having to look for a new roommate (or apartment) mid-year. Nothing fries a friendship faster than the heat of financial hostility.
- Make your estimates high, rather than low. Budget surprises tend to be much more pleasant that way.

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Step 1 Sources of Income

Income	Planned	Actual
Scholarship, bursary, grant		
Family support		
Student loan		
Savings/Summer job		
Part-time job		
Tax refund		
Other		
Total Income		

Step 2 Upfront, One-time Expenses

Expense	Planned	Actual
Tuition and fees		
Books and supplies		
Damage deposit		
Utilities hook-up		
Moving expenses		
Furniture, linen, etc.		
Other		
TOTAL		

Step 3 Determine Monthly Income

Total Income _____
Less upfront expenses — _____
Balance to live on _____ divided by ____ months =
Monthly income _____

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Step 4 Estimate Monthly Expenses

Expenses per month	Planned	Actual
Rent + Utilities		
Food & Groceries		
Miscellaneous		
Clothing		
Laundry/Dry cleaning		
Telephone		
Medical/Dental		
Drugstore supplies		
Recreation & Entertainment		

Expenses per month	Planned	Actual
Transportation		
Emergency Fund		
Other		
Total		

Step 5 Record, Review, Revise

Monthly Income: _____

Monthly Expenses (actual): – _____

Savings or Shortfall: _____

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Bottom Lining

Perhaps the only comforting thing about a bottom line is that you can't argue with it. You're either spending:

- less than you've got
- about what you've got

OR

- more than you've got.

If you're in that last category, your choices are also simple. You've either got to:

- boost your income

AND/OR

- cut your expenses.

In other words,

- find a part-time job, work more hours, ask your parents for more money, borrow money…

AND/OR

- spend less on clothes, movies, treats…

Organizing All Those Bits of Paper

It'll take maybe $10 in low-tech equipment and about 20 minutes of your time to get this thing started. But once your system's rolling, it'll pretty much look after itself — and you. Just think — no more fishing in dust-bunnied corners for last year's tuition receipt. No more teenie yellow credit card slips multiplying mysteriously in your wallet. And get this — come tax time, you will *know* where your T4s are!

The key to this system? Two big, expanding files. You know, the kind that open up like an accordion. You can buy them at garage sales for less than a buck and at office warehouse stores (or on sale in department stores) for around $5. Label one "Budget Files." Label the other "Money Files."

Your Budget Files

This process will make it a lot easier to follow that handy, dandy budget you created back at the beginning of this section.

- Label one pocket in this expanding file to correspond to each item on your "Estimate Monthly Expenses" table.
- Put all your expense receipts in the appropriate pockets throughout the month. Do this on a daily basis or pick a specific time each week to retrieve the receipts (we just know you're hanging on to them!) from your wallet.
- At the end of the month, total the receipts in each category and fill in the "Actual" amounts on your expense sheet. Now you know where you stand.
- Staple all of the month's receipts together or stick 'em in an envelope and store them back in the appropriate pocket. (Or file them in the garbage if you're sure you won't need them again.)

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Your Money Files

Use these files to store your Big Picture money stuff. Label the pockets and stash the papers as follows:

- **Key Data** Emergency information like your birth date, medical info, parent's phone number, your doctor's number, numbers for other important people, your social insurance number, health care number, passport number, and addresses and account numbers for your bank(s).
- **Bank** Bank books, statements, account agreements (amounts and timing of any automatic bank withdrawals or deposits.)
- **Credit/Debit** Credit card statements, credit/debit card receipts. (Keep the receipts at least until the item turns up on your statement. Keep 'em longer if you want.)
- **Education/Transcripts** High school marks, post-secondary marks, course/degree planning, academic achievements, etc.
- **Employment** Your résumé, performance evaluations, letters of commendation. You may want to start a companion file called Employment Futures for clippings and notes that support your goal.
- **Flyer Points** (if applicable) I'll be home for Christmas. (What year, I'm not so sure of.) Rules, limits and bonuses for these programs. Boarding pass stubs until the points show up on your account — airlines do make mistakes. (Or maybe they've just never lost *your* luggage!)
- **Housing** Copy of your rent or accommodation agreement. Cancelled rent cheques. Receipt for the damage deposit. Copy of tenant's insurance policy.
- **Income** Hang on to your pay stubs. You can do an early estimate of your tax picture. You're also covered if your employer misses the February deadline for your T4 slip.
- **Loans** Loan agreements, student loan negotiation slips, proofs of payment (hang on to these for at least five years).
- **Medical/Dental** Receipts (qualifying medical and dental expenses are an income tax deduction), prescriptions, vaccination records.
- **Taxes** A copy of your annual return(s) and receipts submitted. (Keep these for at least four years. Six is better.) This year's T4, T5, T5A slips and applicable receipts.
- **Utility bills** Current year statements.

There you go! A place for everything and everything in its place! Now — just don't lose these files…

Student wi$e

When you get two receipts for a credit card or debit card transaction, then no problem. But otherwise, where do you file the receipt? In your Budget File as an expense? In your Money File as a credit record? I decided to always file the receipt in the credit pocket and write a note — date, amount, item — on a slip of paper for my expenses pocket. Then I've got the real receipt handy when I check my monthly statements.

— Bella, Warburg

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Banking

Obviously, you're going to need somewhere to stash your cash for the school year and just as obviously, that old sock in your bottom drawer probably isn't the best choice. A bank, a trust company or a credit union will offer you more security and a wider range of services. But cost and convenience varies from institution to institution and account to account. Which will best suit your needs?

Scoping the Institution

Banks, trust companies and credit unions all want your business. They make their money by investing the money you deposit and by charging you for transactions (*e.g.* withdrawals, cheque cashing) they do on your behalf. Here are a few things to consider when you're deciding which institution will get to look after your hard-earned cash.

- The best way to choose a bank, trust company or credit union (from now on, let's just call them all "banks") is to visit a few. You may want to check out those that have branches on or near campus or close to where you live. Check out their hours. Talk to the bank staff about your needs.
- How well do the personnel treat you? You're not a big customer (yet) but if the bank's smart, it'll treat students well in an effort to build customer loyalty for the (earning) years to come.
- What kind of student discounts does the bank offer? Some banks offer lower rates to students on service charges and flat-fees.
- Does the bank have ABMs (automated banking machines) in convenient locations on campus or near where you live? Using another bank's ABM can cost you a lot in service fees.
- Is the bank offering any special promotions to new customers like you?

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By All Accounts

If you're like most students, you will have to manage more financial resources at the beginning of the school year than you have in the past. You may want to consider opening two accounts: one that gets the most out of the large sum and another for day-to-day transactions. You may want to cover your needs with this strategy.

- Put your lump sum in a savings account that will maximize your interest. You'll be moving money out of this account quite often, so make sure it won't cost you an arm and a leg to do that.
- Open a chequing account for paying your rent, bills and other expenses. You'll transfer money from your savings account into this account on a regular basis, say once a month. (You can probably even arrange for your bank to do this for you automatically — for a fee.)
- Talk to the bank staff about your needs. They'll probably recommend a couple of specific accounts for you to consider. Check out the *Banking ABC*'s section that follows before you make a decision.

Red Flags Flapping!

You know you have a money problem if you're:

- always late paying your rent
- constantly overdrawn on your chequing account
- frequently writing NSF cheques
- unable to pay credit card minimums
- using credit card cash advances to pay other bills.

If you hear these red flags flapping, it's time to cut your spending or up your income!

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Banking ABCs

Some questions to ask your bank and yourself before you choose an account.

ABM
Does the account include ABM access? What are the charges? Can you access the account through Interac (a service linking ABMs from many institutions)?

Benefits
What kind of bells and whistles come with the account? What do they cost in transaction fees? Will you use them?

Chequing
What does it cost to write cheques on this account? Are you charged per cheque or is there a flat fee? Will you write enough cheques to make the flat fee worthwhile? Do you need your cancelled cheques returned to you? What will this service cost?

Debit Card
Can you access this account using a debit card (a card that allows you to withdraw funds from the point of sale)? What are the transaction fees?

Flat Fee
Is there a single monthly fee that covers most transactions? Which transactions does it cover? Would it be cost effective for you? Is there a reduced flat fee for students?

Interest Rate
What's the interest rate on this account? Does it apply to every balance or do you need to have a minimum balance in the account before interest is paid? How does the interest rate compare with those on accounts with different or fewer services?

Minimum Balance Requirements
Do you have to maintain a minimum balance in the account to qualify for its benefits? What's the penalty/transaction fee for services if the minimum balance isn't maintained? Will you be likely to maintain the minimum balance for a full month, every month?

Overdraft Protection
What will it cost to ensure that the bank covers cheques and withdrawals when they exceed the money you've got in your account?

Reporting
How do you and the bank keep a record of this account? Is a monthly statement issued? Are cheques returned? Do you use a passbook? Is this method convenient for you?

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Banking Smart

Try these tips if you want to bank more wisely, more securely and (somewhat) more cheaply.

Student wi$e

I used to use my debit card a lot but now I only use it for large purchases that I plan ahead for (like the weekly grocery haul) and for emergencies. The fees were killing me and I couldn't seem to keep track of all those little yellow slips of paper. It was time to go back to good old-fashioned cash.

— Michael, Smoky Lake

- Use your budget to find out how much money you'll need for a certain period (a week, for example) and withdraw that amount in a lump sum, rather than in several smaller amounts. It'll save you a bundle in transaction fees.
- If you're paying a transaction fee to write cheques, save them for the big items (like rent). Use cash for smaller purchases.
- If you have more than one chequing or savings account for no good reason, consolidate them into a single savings and a single chequing account. You'll probably pay less in service fees. Your higher balance might even score you better benefits.
- Keep track of your balances, especially in your chequing account. An NSF (non-sufficient funds — the cheque "bounces") cheque can cost you up to $30 at your bank, another $20–$30 in service charges from the business you handed the cheque to in the first place. Plus the cost to your reputation. Likewise, keep an eye on your minimum balances, so you don't lose out on benefits.
- Keep records of all your withdrawals and deposits. Balance your cheque book. Then compare your records to the bank's monthly statement. Though they might be able to add faster than you, bank personnel are not infallible. (Neither are their computers!)
- Remember to retrieve those transaction slips from the ABM. You need them for your records. Plus, dishonest people can use them to track down information which could allow them to access your account.
- Never give out your bank card's personal identification number (PIN) over the phone or in person to anyone, not even to your bank manager.

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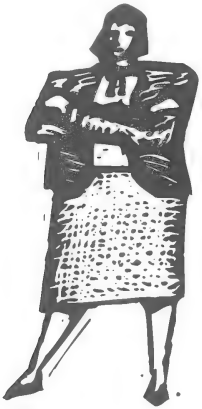
Money Talks

Somewhere along the line, you'll be talking to them — the loans officer at your bank, the student finance advisor at your school, the government student loans officer — people in a position to make decisions that will affect you, your money and your higher education. You may be cool with this. On the other hand, you may want to go into these discussions prepared.



Prepping

Go to your meeting or make that phone call primed.

- Talk the talk. Don't get caught with your compounds compromised and your collateral down. Read *Money 101*. Read the glossaries in the brochures from your bank. Know the terminology.
- Do your homework. Come with your most important questions written down. Plan to leave the meeting with the answers — or at least a good idea where you can go to find the answers.
- Listen carefully. Ask for explanations of any terms or situations that aren't perfectly clear to you. Take notes.
- If you don't know, ask. Ask lots of questions. This is your life, your future, your money. Nobody cares as much about it as you do.
- Don't sign anything unless and until you completely and totally understand the details and all they imply.
- Read the small print, every line. If the person you're meeting with seems impatient, end the meeting and take the papers with you so you can study them at home. Arrange to meet again later.
- Ask for the name of the person you're speaking to, so you can deal with the same person next time, too.
- If you're looking for a bank loan, shop around. Take your time.

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Talking

So — you're off to meet with or call those folks who could be the gatekeepers to your future success and happiness. You may not be tongue-tied but you may find yourself wondering what to say. Here are some sample scripts to help you. Use them as a starting point for creating your own.

With a Career and Employment Consultant

Sample Scripts

- *Could you tell me what kind of documentation I need to include with my loan application to show that I'm not a dependent? I've been working for the past two years.*
- *I was turned down for a student loan but my situation has changed since I applied. Could you please tell me how to begin the appeal process?*
- *I'm enrolling in _____ in the fall and I'd like to find out if there are any apprenticeship or co-operative education programs available in that area.*
- *I haven't heard yet whether I got my student loan. I applied on _____. Could you please tell me when I might expect to hear?*

With the Registrar's Office Staff

Sample Scripts

- You: *I'm interested in applying to the university. Could you please send me a copy of your complete calendar and an application form?*

  Registrar's Office: *I'm sorry. We can't send those calendars out except to institutions. I can send you an application form.*

  You: *I live in _____. Could you tell me what institution in my area would have a copy of your calendar?*
- *I haven't heard yet whether my student loan has been approved. I'd like to defer paying my tuition until I receive my loan. Could you please tell me how to do that?*

At the Bank

Sample Scripts

- Bank personnel: *If you had a credit card, you could use it to establish your credit rating.*

  You: *That's true. But paying my bills on time now and paying off my student loan when I graduate will also establish my credit rating. Thanks for the offer but I think I'm going to hold off on the plastic till after I graduate.*

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- *Thanks for telling me all about the Bells and Whistles account but I don't need all those benefits. I'm looking for a chequing account that will return my cheques each month and has low fees for writing cheques and paying bills. Do you have that kind of account?*
- *I think we may have a problem. I've got the receipt for a deposit that isn't shown on this month's statement.*

How to Be

Over the phone or in person, you're going to make an impression on the people you talk to. It may as well be a good one. After all, you want to make it as easy as possible for them — loans officers, student finance advisors, registrar's office staff — to help you.

- When you deal directly, honestly and respectfully with people, they're more likely to deal that way with you, too.
- These days, everybody's busy. You may be asked to wait; you may be put on hold. Don't take it personally.
- Be patient. Be polite. It makes a difference.

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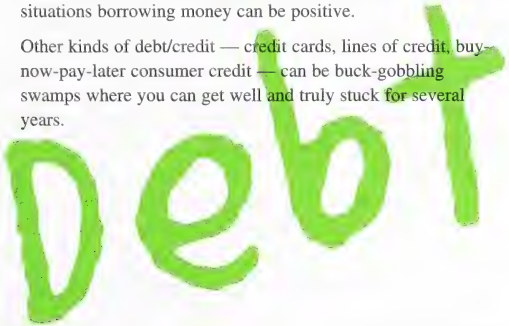
Credit: a Six-Letter Word for "Debt"

Buy now, pay later — but pay MORE later!

Credit allows you to buy today what you can't afford today. You don't have to pay for it until later. But the danger is, you may not be able to afford it later, either. And by then, you'll be paying for the item and for the interest on the money you've borrowed to purchase it.

When you borrow wisely, going into debt can be a good thing. A government sponsored student loan, a mortgage on a house, a start-up loan for a well-planned business venture — in these situations borrowing money can be positive.

Other kinds of debt/credit — credit cards, lines of credit, buy-now-pay-later consumer credit — can be buck-gobbling swamps where you can get well and truly stuck for several years.



Wants versus Needs

In the best of all possible worlds, the only kind of credit you'd need to get you through a higher education would be the kind that's attached to the courses you're taking. In the real world, a student loan is often a necessity. If you've done your planning, if you're hanging in till you graduate, if you're working every summer, don't sweat it. Chances are excellent you'll be able to handle that student loan, come graduation.

But going into hock for something less essential to your future than a post-secondary education just isn't worth it. We're talking here about avoiding the avoidable. Staying out of the debt/credit crunch that goes along with living in a consumer culture. Everybody needs treats and concert tickets from time to time, especially hard-working post-secondary students! But it's a matter of degree (pun intended). The reality is, you're probably living on a reduced income because you're channeling a whole lot of money toward your future. Sure, you'd like a trip to Hawaii, a new leather jacket, a 42-disc CD player programmable for 187 days of no-repeat music — you name it. The wake-up-and-smell-the-cappuccino reality is that you *may* be able to afford a trip home, a new sweater and your favourite group's latest CD.

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There *are* a lot of wonderful ways out there for you and your cash to part company. How do you tell the difference between what you want and what you need? Next time you're contemplating a larger-than-sandwich purchase, ask yourself these questions:

- How does buying this item/service support my educational goal?
- If it doesn't support my goal, how important is it to me?
- Am I buying the item/service or the lifestyle, feelings or status that are being used to sell it to me?

If you still can't decide whether this is a need item or a want item, try this strategy:

- Buy some time, instead. Leave the store or showroom, hide the travel brochure, turn off the TV — do what it takes to put distance between you and the item/service that's captured your attention.
- Go home and pull out your budget sheet. Can you afford to pay cash for this item/service? What would you have to give up in order to do it? Would that be worth it?
- If you can't afford to pay cash for the item/service, how will you pay for it?
- Is there another less expensive item/service that you could substitute for this one?
- Sleep on it. See how urgent the purchase feels tomorrow morning. Or the next day… Or the next…

$tudent wi$e

If I could do it over again, boy, would I do it differently! Right now, I owe about $1,000 on my credit card. I'm paying about 19 per cent interest and I can just manage to make the minimum payment each month. At this rate, it's going to take me around 8 years to pay it off. No kidding.

— Verna, Rimby

It was a gorgeous coat and it was on sale. My old coat was due to be replaced next winter. I could have worn it another season but this coat was just what I wanted and there it was, right in front of me now, not next year! I used my credit card. I promised myself to cut back buying clothes and other items I could do without until I'd paid it off. I stuck with my promise and paid it off over 3 months. Because the coat was on sale, I ended up saving money.

— Maddy, St. Albert

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Credit Cards

Despite what the ads tell you, having a credit card doesn't make you a member of an elite group. To get a card, you only need to be 18 years old, have a good credit history and possess a (low) minimum income. Getting a card isn't difficult. Managing a card is more of a challenge.

Avoiding the Pitfalls of Plastic

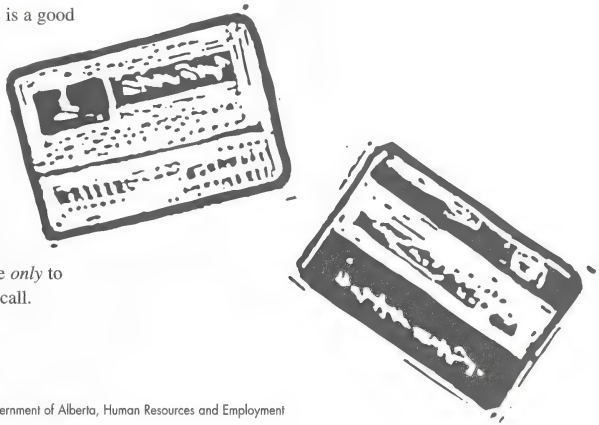
Here's how to make your credit card(s) work for you rather than against you.

- Limit the number of credit cards you have. One is a good number.
- Pay your credit card balance on time and **in full**, each month.
- Keep a record of all your credit card transactions.
- Keep your credit card limit low.
- Avoid using the card for cash advances. The interest kicks in the minute you hold the cash in your hot little hand.
- Give your credit card number out over the phone *only* to reputable businesses *and only* if you initiate the call.
- Leave home without it!

When Debt Wears a Halo…

Don't we have anything good to say about borrowing money/using credit/going into debt??

Well, as a matter of fact, we do. When you take out a loan or use a credit card and make your payments in full and on time, you are establishing a good credit rating. This is a valuable thing to have when it comes time to buy a car or qualify for a mortgage or take out a loan for your post-graduation business idea. It tells your potential creditors that you can be trusted to repay what they lend.



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Tax Time

If you could get paid a fair chunk of money for hanging on to a few receipts and doing a bit of simple math — would you do it? Well, that's pretty much what it takes to complete an income tax form. The refund that you, as a student, stand to receive could typically add up to a couple of hundred dollars. Strangely enough, though, lots of students don't bother to take this step. Go figure. Maybe they can afford to miss out on money that otherwise would be theirs.

Give Yourself Credit (and Deductions)

The point of this exercise is to use all the tax credits and tax deductions legally available to you to lower your income to the point where you pay as little tax as possible. Ideally, you want to put all of the money the government deducted from your paycheque back into your own pocket!

As a student, you may qualify for a number of tax credits and deductions.

Tax Credits

- If you've paid tuition fees in excess of $100, you're eligible for a non-refundable federal tax credit equal to 16 per cent of the fees you've paid.
- You have to claim your fees by calendar year. In other words you claim the fees that apply from January 1 to December 31.
- Keep a copy of the each official tax receipt that your post-secondary institution issues for your tuition. Canada Customs and Revenue Agency may want to see them.
- You may also be eligible for the federal education tax credit based on 16 per cent of $400 multiplied by the number of months in the calendar year during which you were enrolled as a full-time student in a post-secondary program. There is a reduced tax credit available for part-time students.
- Once you've used up as much of these credit amounts as you need to eliminate your taxable income, you can transfer the remaining amount to a parent, grandparent or spouse.

Deductions

- If you've been a full-time student and you move within Canada to take a summer job or start a business, you can claim moving expenses. Keep your receipts!
- If you move at least 40 kilometers away to attend full-time courses, you may deduct expenses against any scholarship or similar awards.
- If you have to join a union for a summer or part-time job, your union fees are deductible.

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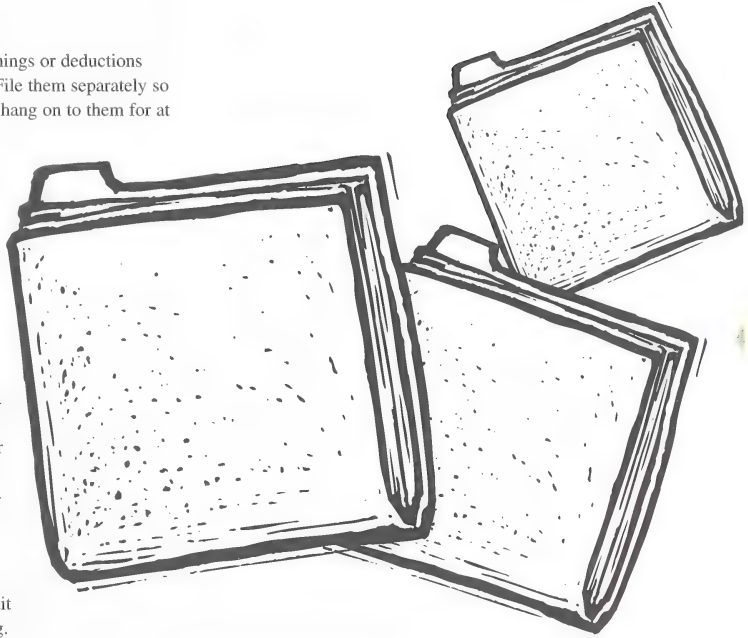
Happy Returns!

- Always keep the receipts for any earnings or deductions you're claiming on your tax return. File them separately so they're easy to find at tax time. And hang on to them for at least four years.
- If you're working part-time, fill out a government form called a TD1. This will enable your employer to keep the deductions from your paycheque to a minimum, if your estimated annual earnings are below a set amount.
- Tax rules and regs change all the time. Rely only on the up-to-date information you receive from Canada Customs and Revenue Agency or from a tax professional! (Ask at your local tax office for the pamphlet, Students and Income Tax, or call toll-free 1-800-959-2221, or access the website at www.ccra.gc.ca)
- As of 1998, once you are no longer a student you get a 16 per cent tax credit on the interest charges you are paying.



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Help

Sometimes it hits like a tsunami — loans, balances, budgets — the high finance of further education can be overwhelming. Even when you're not working night and day just to stay on top of school. Which you are.

It's not hard to see how this stuff can bring you down from time to time. The good news is you don't have to deal with it all by yourself. There are people out there who can help you:

- Talk to your family and friends about your money troubles. They're on your side and they'll bring a fresh perspective that could help you.
- If you need answers, ask the people who know. At your bank, at your school student finance office.
- If you think you're dealing with more stress than you can handle, talk to a counsellor. The people at student health services on campus will be able to put you in touch with someone who understands the school scene and the problems you may be facing.

And remember, asking for help when you need it is not a sign of weakness — it's a sign of personal strength.

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$TRETCHING YOUR $$

It isn't how much money you have — it's how you spend it.

This section, too, is dedicated to helping you make your money last from the beginning of your school year all the way through to the end. It is possible to feed, clothe and shelter yourself, buy your books and supplies, order the occasional pizza and still have money left over for a good time, now and then. Challenging. But definitely possible.

What you need are some helpful hints for getting the best value for your money. And *Money 101*'s got 'em! Ingenious, student-tested ideas, classified by category. Dare your dollars to go the distance! Read on…

The ONLY Card You'll Ever Need

Your Student Card. Really. It may not be a gold card but it's worth its weight in some kind of coin. Here are some tips to make the most of this good thing:

- Never leave home without it.
- Always ask if there's a student discount. Don't wait for them to tell you. And ask before they ring through your purchase.

What could be easier?

Book It

The key with textbooks is to know what you need and buy second-hand, if you can.

- Pick up the reading list for each of your courses as soon as it's available so you can have your pick of the second-hand texts.
- Know some people who took the course last term? Ask if you can buy their texts.
- Check the "For Sale" bulletin boards around your program area for the books you're seeking.
- Try the used bookstores on or near campus.
- Raise some money towards next year's books. Unless you want to hold on to your texts, sell them at the beginning of the following term.

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Student wi$e

I bought a used textbook for one of my courses and then I found out that it was an older edition. When I checked with my Prof., she said it didn't really make much difference except they'd updated one chapter. So I made notes on that chapter from my friend's copy.

— Raj, Calgary

Supplies In Demand

At the very least, you're going to have to replace those pens you keep leaving behind in the lecture hall:

- Job fairs and corporate-sponsored events can be a great source of freebies — pens, pencils, post-it notepads, folders.
- Ask at your favourite copy shop if you can raid their recycle bin for standard-size scrap paper. Use it for your rough drafts.
- Some companies send out promo material on computer disks. Erase the disk and re-use it.
- Shop the August back-to-school savings, if you know by then what you'll need.
- Pick up some deep discounts at an office warehouse store. Multi-packs are the cheapest way to buy, so stock up for the year or go with a friend and split the goodies.

Fashion Statements

As you no doubt know, being in style can mean being out-of-pocket — plenty. But it doesn't have to be that way:

- Build a clothing cash reserve into your budget. Plan (and save) ahead for buying those big ticket items, such as a winter coat and boots.
- If you're a regular at a particular store, check out their frequent buyer program. And of course, always ask for your student discount, especially when you shop on or near campus.
- Buy on sale. Shop the off-season — down vests in June — for the best deals.
- Shop at warehouse-style discount, manufacturer's wholesale and outlet stores. Look in the yellow pages or ask other students where to find them. Inspect items marked "imperfect" or "seconds" carefully before you buy them, though. You may not want to live with the flaw.

When you're buying classic, go for quality. When you're buying trendy, get it cheap.

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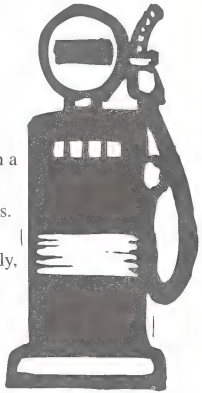
- Check the care labels before you buy. "Dry clean only" equals big bucks. "Machine wash" means only quarters.
- Think about the cost per wearing. A $50 item that you wear only a couple of times may not be such a good deal. On the other hand, a $150 pair of boots could last for years.
- If you've found something you can't live without, ask if it's going to go on sale soon. It may be worth waiting.

Getting There



You know what they say — it's half the fun.

- Driving a car is your most expensive choice. Gas, insurance, maintenance — then add on parking, which on or near campus comes at a premium. If you're going to do it, try to reduce your costs by carpooling. Send your message out word-of-mouth and look for carpooling bulletin boards around campus. And remember, if you own a car worth over $5,000 it may affect your eligibility for a student loan.
- Most transit systems offer student fares and discounts on transit passes. Estimate how often you'll use the system and the per use cost, then decide if a pass is worthwhile. Even if you use the service infrequently, buy blocks of tickets instead of paying single fare prices.
- Biking is a healthy, inexpensive and efficient mode of transport. All you need is a helmet, a bike in good repair and a sturdy bike lock. Mount a light and reflectors on your bike if you're riding at night (in winter, anytime after 4 p.m.!).
- Walking is always fashionable and it's healthy. Plan ahead so you don't have to run to make it to class — unless you're in shape! If you're walking at night, do it with a buddy.

$tudent wi$e

I always shop at consignment stores and second-hand shops. Designer labels, hip stuff in great condition, wonderful vintage clothing — it's amazing what you can find. And always for a lot less than just about anywhere else. And when I'm finished with something, as long as it's in good condition, I consign it at my favourite store. I get 50 per cent of the selling price.

— Carmen, Edmonton

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Gimme Shelter

If you're not going to be living at your parents' home (or with friends or relatives), you've got to put a roof over your head (a couple of walls would be nice, too). Depending on the university/college/tech school you attend, you may be able to opt for the residence experience. Or you may be looking for an apartment, house or room. At first glance, living off-campus might look like the most frugal choice but when you figure in rent plus those day-to-day-to-day-to-day (they really can add up!) costs, residence might be your best alternative. We suggest some serious research before you choose. Either way, there are some points to keep in mind.

On Campus

- Check out the range of choice in on-campus residences. Which one best suits your budget and your lifestyle? Are the benefits worth the extra bucks?
- Visit the residence(s), preferably during the school year. How do you feel about the atmosphere? Could you live, study and sleep there?
- Tally up the costs you don't see — telephone, laundry, pizza, etc.— when you're budgeting.

Off-Campus

- Get a roommate(s)! Just make sure you work out exactly how you'll share expenses. Make sure everyone signs the lease. Meet regularly to talk about your budget and to air any concerns.
- Check the campus housing office for a registry of potential roommates and a listing of houses and apartments in the area.
- Accommodation close to campus may be more expensive. Would the amount you'd save in transportation costs and travel time make up for the premium rent?
- If you're looking at renting in a private home, see if you can trade yardwork, light housekeeping or babysitting for a lower rent.
- Make a checklist of all possible expenses — gas, electricity, water, cable — and find out from the landlord exactly which ones are included in the rent and which you'll be paying for yourself. If you're paying to heat your space, how well insulated is it? Ask to see some utility bills from last winter.

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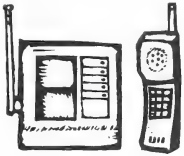
E.T. call home...

- If you're going to school away from home, try one month of long distance with your local carrier then check your bill to determine who you call the most, when you call and how long you talk. See a pattern? Now check out the discount packages offered by your local carrier and the others, too. Pick the one that best matches your needs.
- Opt for e-mail over that long distance feeling. Depending on how far away home is and how often you're in contact, you could save the cost of a modem in just a few months.
- Go retro — write a letter!



$tudent wi$e

My buddy and I found a great place, right near school and cheap for the area. We signed the lease, moved in and then discovered that utilities weren't included. We had to pay an extra $100 a month for utilities, which really blew our budget.

— Damien, Medicine Hat

Furniture and Stuff: Save Money in Seconds

- What free furniture can you scrounge? Stuff from your room, your parents' house, your aunt's attic, your cousin's garage — make a list of your finds and then a list of the other items you'll need.
- If you're taking over an apartment from departing students, see if they'd be willing to sell you some of their furniture.
- Scan the bulletin boards around campus and in the community and the buy and sell columns in the local weekly for bargains in used furniture.
- Shop garage sales and rummage sales. They usually happen on weekends and are often advertised in the classified section of the local daily. You'll find the best selection at the big, cross-community fundraisers for churches, day cares, community leagues, etc.
- Check out the carpet remnants at flooring stores. You can achieve the wall-to-wall look by cutting a remnant to fit your room and sticking it down with two-sided tape.
- Gotta have a TV? If you don't own one, consider the rental option. Ask for your student discount.

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Food Stuff, Etc.

When it comes to cheap eats, your best choices are probably Mom's cooking, your (or your roommate's) cooking and campus meal plans. Mom's cooking may not be available. So we'll look at the other two. And then sometimes, you *may* want to eat out…

Meal Plans

- If you're living in residence on campus, you'll probably sign up for one of these. If you have some options, consider them carefully, as not all meal plans are created equal. If you're a big eater and there's an all-you-can-eat plan, the choice is obvious. Otherwise, check to see if you can cash in those meal points that you don't use.
- If you're spending long days on campus (of course you are!!) a meal plan at a campus cafeteria may be a good idea financially and nutritionally. You'll get at least one hot (and hopefully complete) meal this way and it will probably be better for you than most fast food.
- If you purchase a meal plan, use it!!

Do-It-Yourself

- Brown bag it. It's a great way to save $7–$10 a day. Create a little variety by taking stuff you can heat up in the ubiquitous microwave (look for one in the corner of the cafeteria, in your department's lounge area, near student council offices). Invest in a reusable nylon lunch bag, a thermos for coffee or soup and a plastic water bottle or juice box for your cold beverage.
- Cook your favourite casseroles in large quantities, divide them into meal-size portions and freeze them for later.
- Buy yourself some treats — chips, soft drinks, ice cream, cookies — at the grocery store. That way you won't be so tempted to purchase them where they're most expensive — dished up from a kiosk or a convenience store.
- Make your coffee at home and take it with you.
- If you're going to buy your caffeine away from home, pick a café and use their frequent buyer card. You could save up to 15 per cent of the high cost of that java habit.
- To get the max from your food dollars, plan your meals a week in advance, make a list and shop for one week's groceries at a time. You won't be caught short of supplies so you're less likely to be dashing out to the (expensive) convenience store or living on packaged frozen (pricey) entrées.

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Dining Out

- Student card, student card, student card. Always ask for that discount.
- Take advantage of two-for-one coupons, slow night (usually Monday or Tuesday) specials, all-you-can-eat buffets.
- Do the daily special and split the dessert.
- If you can't manage the whole entrée, take some of it home in a doggy bag. Gourmet lunch for tomorrow!

The Big Shop

- Once a week, it's gotta be done. Share this joy with your roommates so everyone has an equal chance to learn how to turn one of those huge shopping carts around in those teeny, tiny grocery store aisles.
- Make a list based on your weekly menu plan and stick to it. You'll save a lot when you don't buy on impulse.
- Eat *before* you shop. For obvious reasons, shopping when you're hungry seldom saves you money.
- Warehouse stores, supermarket chains, the neighbourhood grocery store — where to shop? Each week, every store has its "loss leaders," the items it puts on sale to draw customers into the store. Shop around from week to week if you've got the transportation. You'll figure out who seems to have the best overall prices.
- Going across town to the club-style discount grocery store may only make sense if you have access to a vehicle. A major bus ride and cab fare could wipe out whatever you might save.
- Clip those coupons! But only use them for items you'd normally buy.
- Buy fresh fruit in season. Buy generic or house brands. Buy in bulk — after you've compared prices.
- Read those labels! Look for the best-before date. Compare unit prices, when you can. Check the list of ingredients — the main ingredients are listed first. (Hey, want to try some cereal with that breakfast sugar??)
- Shop convenience stores only in an emergency and only as a last resort.

$tudent wi$e

My roommates and I belong to a food co-op. We each have to put in a couple of hours of work a month, sorting out groceries. But we save quite a lot, too. We couldn't afford to buy much organic or environmentally-friendly stuff if we didn't do it through the co-op.

— Tess, Edmonton

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Clean Up

Eventually, you're going to have to, unless you want the biology instructor booking field trips to view the invertebrate life in your bathroom.

- Make your own household cleaners. Save money and help the environment, too. Here's an example: for cleaning walls and floors, add 1/8 cup of baking soda and 1/4 cup of laundry soap to a pail of warm water. Find more earth-friendly ideas at the local library or through your favourite environmental organization.
- Use half the recommended amount of laundry detergent. Chances are you won't notice any difference.
- At the laundromat, take your own detergent. It's much more expensive to buy it on site. Save drying time and expense — pop your clothes into a dryer still warm from the last person's load, or hang to dry.
- Spray new or clean sneakers with starch so they stay clean longer.
- Say good-bye to paper towels! Try newspaper to clean windows and mirrors, rags to wipe up spills and clean floors, walls and countertops.

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The Big Night(s) Out

Everybody needs a break now and then. The trick is to make sure your breaks don't break the bank.

- Taking in a movie? Don't get taken in while you're doing it. Find out when the show shows at a discount — on slow nights (Monday, Tuesday) and matinées. And skip the pricey snacks (they'll more than double the cost of your night out!) or at least split that giant soft drink with a buddy.
- Make your local library your home entertainment centre. The library will lend you movies, CDs and tapes — for free.
- On campus, look for free or cheap concerts, theatre and visual art shows by your fellow (and often talented) students.
- Most publicly-funded festivals include free entertainment. Watch for posters and listings in the local daily paper.
- If you volunteer for athletic or arts groups or at festivals and other special events, the "thank you" for your time often comes in the form of free tickets.
- Check out the athletic and recreational facilities on campus. Through campus recreation programs you could learn a new sport or work out for a lot less than you'll spend at a commercial facility. When you do your laps in the school pool or lift the college's weights, you'll be saving money, too.
- Planning to take in a game? Why not check out your own university/college team? Ticket prices will be low and you'll probably see some great action.

Student wi$e

Everybody on my residence floor puts the magazines and paperbacks that they're finished with in a box by the elevator. You can just dive in and help yourself when you're in the mood for a good thriller or a little bit of dirt on the latest Hollywood star. Now I only buy a magazine or two a month, max.

— Tony, High River

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CONGRATULATIONS!

You've successfully completed *Money 101*!

You've taken a close look at the steps involved in financing your academic future. You're ready to face your year, knowing that you've got the skills to stretch your resources from one end of the school year to the other — and still have a life.

As you make your way toward your goals, we hope you'll remember to:

- celebrate your achievements, large and small
- welcome your mistakes — they're the best teachers you'll ever have
- make your plans with your eyes wide open
- dream.

Good luck!

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We'd Like To Hear From You...

Money 101- updated January 2003 Date _____

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_____

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